

AMENDED IN ASSEMBLY APRIL 6, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1969

Introduced by Assembly Members Chavez and Yee

February 9, 2006

An act to add Section ~~71038 to the Water Code, relating to municipal water districts. 399.20 to the Public Utilities Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1969, as amended, Chavez. ~~Municipal water districts. Electrical corporations: water agencies.~~

~~The Municipal Water District Law of 1911 provides for the formation of municipal water districts and grants to those districts specified powers.~~

The

(1) *The Public Utilities Act requires the Public Utilities Commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year (renewables portfolio standard).*

~~This bill would amend that water district law to add a legislative finding and declaration regarding opportunities to increase energy~~

~~production from renewable resources connected with the water delivery systems of municipal water districts, and would state the intent of the Legislature to establish a program to encourage municipal water districts to develop renewable energy resources to help retail sellers of electricity meet the state's renewables portfolio standard.~~

Existing law, except as specified, requires every electric service provider, as defined, to develop a standard contract or tariff providing for net energy metering, and to make this contract or tariff available to eligible customer generators, upon request, on a first-come-first-served basis until the total rated generating capacity used by eligible customer generators exceeds 0.5% of the electric service provider's aggregate customer peak demand.

This bill would require every electrical corporation to file with the commission a standard tariff for renewable energy output produced at an electric generation facility, as defined, that, among other things, is an eligible renewable energy resource. The bill would require the electrical corporation to make this tariff available to public water or wastewater agencies that own and operate an electric generation facility, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those electric generation facilities equals 250 megawatts.

(2) Under existing law, the failure to file a required tariff, or a violation of an order or direction of the commission, including a commission-approved tariff, is a crime.

Because the bill would require electrical corporations to file new tariffs, the bill would impose a state-mandated local program by creating new crimes.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) *The health of the state's economy depends upon reliable,*
2 *affordable, adequate, and environmentally sound supplies of*
3 *energy and water.*

4 (b) *The state's rapidly growing population is increasing the*
5 *demand for water and the energy needed to deliver and treat it.*

6 (c) *The state's water related electricity demand accounts for*
7 *nearly 20 percent of the state's overall electricity consumption.*

8 (d) *Despite improvements in power plant licensing, successful*
9 *energy efficiency programs, and continued technological*
10 *advancements, the development of new energy supplies is not*
11 *keeping pace with the state's increasing demand. Moreover, the*
12 *development of new renewable resources has been slower than*
13 *anticipated and limited by existing transmission constraints.*

14 (e) *Unless properly managed on a statewide basis,*
15 *water-related electricity demand could ultimately affect the*
16 *reliability of the electric system.*

17 (f) *Public water and wastewater facilities are strategically*
18 *located and interconnected to the electric transmission system in*
19 *a manner that optimizes the deliverability of electricity generated*
20 *at those facilities to load centers.*

21 (g) *Renewable energy produced at public water and*
22 *wastewater facilities will reduce the demand for the production*
23 *of nonrenewable energy needed to serve water-related electricity*
24 *demand.*

25 SEC. 2. *Section 399.20 is added to the Public Utilities Code,*
26 *to read:*

27 399.20. (a) *It is the policy of this state and the intent of the*
28 *Legislature to encourage energy production from renewable*
29 *resources at public water and wastewater facilities in an amount*
30 *commensurate with water-related electricity demand.*

31 (b) *As used in this section, "electric generation facility"*
32 *means an electric generation facility, owned and operated by a*
33 *public water or wastewater agency that is a retail customer of an*
34 *electrical corporation, and meets all of the following criteria:*

35 (1) *Has a capacity of not more than one megawatt and is*
36 *located on or adjacent to a water or wastewater facility owned*
37 *and operated by the public water or wastewater agency.*

38 (2) *Is interconnected and operates in parallel with the electric*
39 *transmission and distribution grid.*

1 (3) *Is sized to offset part or all of the electricity demand of the*
2 *public water or wastewater agency.*

3 (4) *Is strategically located and interconnected to the electric*
4 *transmission system in a manner that optimizes the deliverability*
5 *of electricity generated at the facility to load centers.*

6 (5) *Is a certified eligible renewable energy resource pursuant*
7 *to Section 399.13.*

8 (c) *Every electrical corporation shall file with the commission*
9 *a standard tariff for renewable energy output produced at an*
10 *electric generation facility.*

11 (d) *The tariff shall provide for payment for renewable energy*
12 *output produced at an electric generation facility at the market*
13 *price as determined by the commission pursuant to Section*
14 *399.15.*

15 (e) *Every electrical corporation shall make this tariff available*
16 *to public water or wastewater agencies that own and operate an*
17 *electric generation facility, upon request, on a*
18 *first-come-first-served basis, until the combined statewide*
19 *cumulative rated generating capacity of those electric generation*
20 *facilities equals 250 megawatts.*

21 (f) *The renewable energy output produced by the electric*
22 *generation facility shall count toward the electrical*
23 *corporation's renewable portfolio standard annual procurement*
24 *targets for purposes of paragraph (1) of subdivision (b) of*
25 *Section 399.15.*

26 (g) *The physical generating capacity of an electric generation*
27 *facility shall count toward the electrical corporation's resource*
28 *adequacy requirement for purposes of Section 380.*

29 SEC. 2. *No reimbursement is required by this act pursuant to*
30 *Section 6 of Article XIII B of the California Constitution because*
31 *the only costs that may be incurred by a local agency or school*
32 *district will be incurred because this act creates a new crime or*
33 *infraction, eliminates a crime or infraction, or changes the*
34 *penalty for a crime or infraction, within the meaning of Section*
35 *17556 of the Government Code, or changes the definition of a*
36 *crime within the meaning of Section 6 of Article XIII B of the*
37 *California Constitution.*

38 ~~SECTION 1. Section 71038 is added to the Water Code, to~~
39 ~~read:~~

(b) ~~It is the intent of the Legislature to establish a program to encourage municipal water districts to develop renewable energy resources to help retail sellers of electricity meet the state's renewables portfolio standard in accordance with Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code.~~

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